

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 2
to 0 at its 12/21/89
meeting.

CALENDAR ITEM

A 3

23

12/12/89

S 1, 4

PRC 6334

Hamilton

QUITCLAIM OF STATE OIL AND GAS LEASE PRC 6334,
COLUSA AND SUTTER COUNTIES

LESSEE: TXO Production Corp.
Attn: Mr. Gregory H. Guerrazzi
9343 Tech Center Drive, Suite 200
Sacramento, California 95826

SUMMARY

TXO Production Corp. has filed a document quitclaiming all of its right, title and interest in and to the lands held under State oil and gas lease PRC 6334.

BACKGROUND

Negotiated subsurface State oil and gas lease PRC 6334 was issued to TXO Production Corp. on July 16, 1987, and contains about 25 acres of submerged lands in the bed of the Sacramento River, Colusa and Sutter counties, California. Prior to this leasing, the lands were subject to Compensatory Gas Agreement PRC 6334 (issued to TXO Production Corp. on October 28, 1982).

State oil and gas lease PRC 6334 specifies a two-year drilling term within which the lessee shall commence operations for the drilling of a well for oil or gas. If the lessee fails to commence such drilling operations before the expiration of the drilling term or July 16, 1989, the lease will terminate. As of July 16, 1989, no drilling has been conducted on or near the leased lands.

On July 26, 1989, documents entitled "Full Release of Compensatory Gas Agreement and Quitclaim Deed for State Oil and Gas Lease" were recorded in the official records of Colusa and Sutter counties, California. These documents were duly executed by TXO Production Corp. on July 19, 1989 and are on file in the Commission's Long Beach office.

PREREQUISITE CONSIDERATIONS, FEES, AND EXPENSES:

Based upon a review of the Commission's records, staff has found no default, other than the failure to commence drilling operations, to exist on State oil and gas lease PRC 6334 as of July 16, 1989, the expiration of the drilling term. TXO Production Corp. has complied with all applicable laws and lease provisions, and has paid all rentals (royalties are not due as the leased lands were never developed).

STATUTORY AND OTHER REFERENCES:

P.R.C. 6804.1 and Lease Paragraph 30 provide for the quitclaim or relinquishment of all rights under the Lease, and P.R.C. 6829.1 and Lease Paragraph 1 provide for the termination of the Lease upon the expiration of the drilling term.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description (Exhibit "A") of State Oil and Gas Lease PRC 6334.
- B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT THE DOCUMENT ENTITLED "FULL RELEASE OF COMPENSATORY GAS AGREEMENT AND QUITCLAIM DEED FOR STATE OIL AND GAS LEASE" WHEREBY TXO PRODUCTION CORP. RELEASES, REMISES AND FOREVER QUITCLAIMS UNTO THE STATE ALL OF ITS RIGHT, TITLE AND INTEREST IN AND TO THE LANDS DESCRIBED IN EXHIBIT "A" (EXHIBIT "A" OF STATE OIL AND GAS LEASE PRC 6334 DATED JULY 16, 1987).
3. RELEASE TXO PRODUCTION CORP. FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 6334, EFFECTIVE JULY 16, 1989, THE EXPIRATION OF THE DRILLING TERM.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

EXHIBIT "A"

LAND DESCRIPTION

PRC 6334

All that portion of the bed of the Sacramento River within the N 1/2 of Section 17 and the N 1/2 of Section 16, T14N, R1E, MDM, Sutter and Colusa Counties, California.

EXCEPTING THEREFROM any portion lying landward of the ordinary low water marks of said Sacramento River.

ALSO EXCEPTING THEREFROM any portion lying within State Lands Commission permit PRC 4675.

END OF DESCRIPTION

REVISED JUNE 9, 1967 BY BOUNDARY SERVICES UNIT, M. L. SHAFER.
SUPERVISOR.

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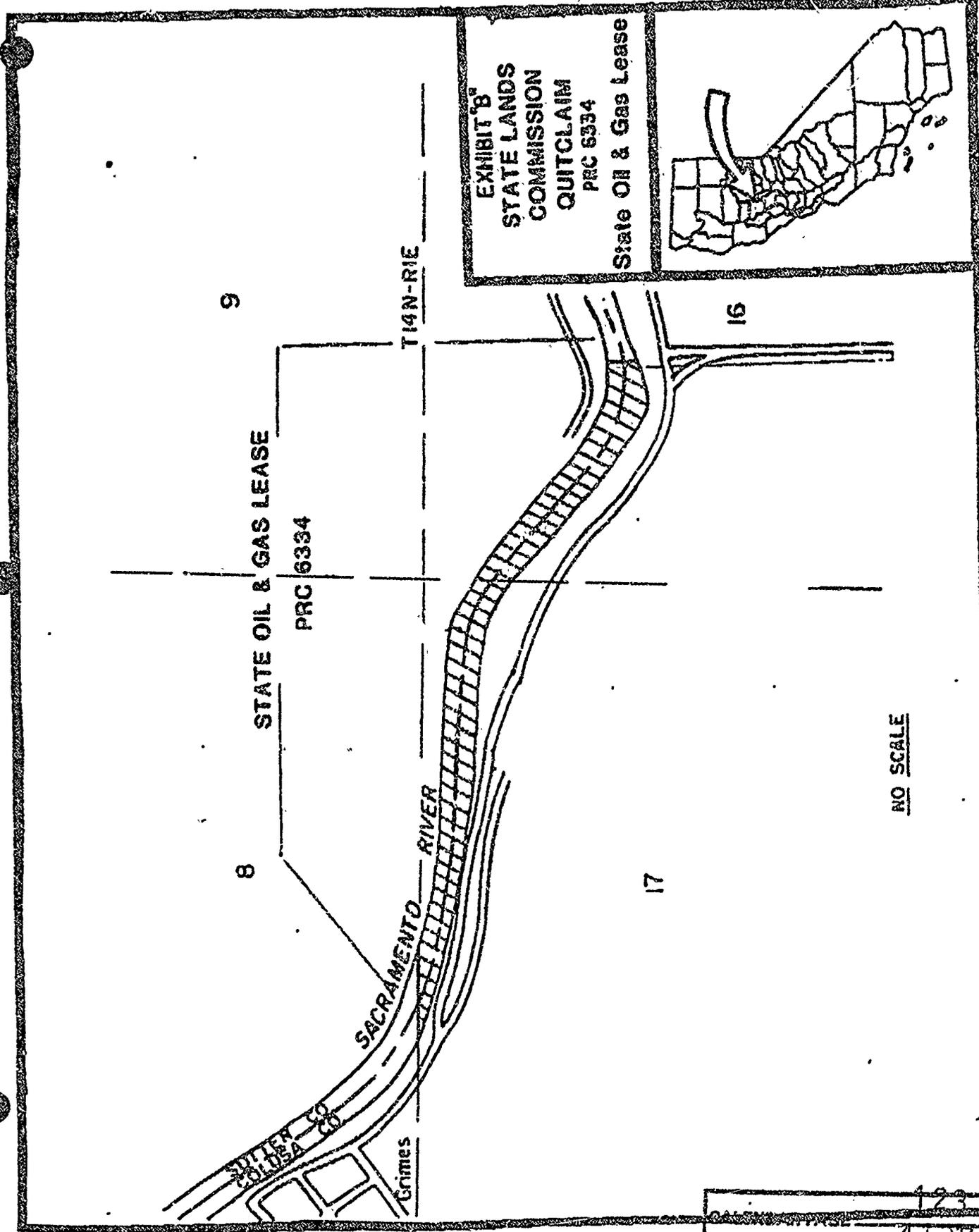
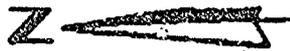


EXHIBIT "B"
 STATE LANDS
 COMMISSION
 QUITCLAIM
 PRC 6334
 State Oil & Gas Lease



NO. 7/87

STATE OIL & GAS LEASE

PRC 6334

9

T14N-R1E

16

8

SACRAMENTO RIVER

17

SUTTER CO
 COLUSA CO

Grimes

NO SCALE